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March 10, 2003

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: **Notice of Ex Parte Presentation** — 2000 Biennial Regulatory Review –
Requirements for the Computation of Average Schedule Company Payments under
Section 69.606 of the Commission's Rules, CC Docket No. 01-174

Dear Ms. Dortch:

Today the attached letter and revised draft rules were submitted electronically to Sharon Webber, Deputy Chief, Telecommunications Access Policy Division at staff's request. The draft rules would accomplish the goals of simplifying the average schedule regulatory process.

In accordance with the Commission's rules, a copy of this Notice has been filed electronically in the above referenced docket.

Regards,

A handwritten signature in black ink, appearing to read "Colin Sandy". The signature is fluid and cursive, with the first name "Colin" and last name "Sandy" clearly distinguishable.

Colin Sandy

cc: Qualex International



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March 10, 2003

Sharon Webber, Esq.
Deputy Chief, Telecommunications Access Policy Division
Common Carrier Bureau
Federal Communications Commission
Washington, DC 20554

Re: 2000 Biennial Regulatory Review – Requirements for the
Computation of Average Schedule Company Payments under Section
69.606 of the Commission's Rules, CC Docket No. 01-174

Dear Sharon,

At staff's request, we have prepared revised draft rules (attached) that would accomplish the goals of simplifying the average schedule regulatory process.

Consistent with the discussion of this issue at our February 6, 2003 meeting, the rules would eliminate the requirement that the Commission issue specific orders approving the average schedule "access" and universal service formulas. The revised draft rules also include revisions to Parts 36 and 54 that would, if adopted, clarify the basis for receipt of high cost and local switching support funding by average schedule companies.

Please feel free to call me should you have any questions about the above.

Sincerely,

/s/ Richard A. Askoff

encl:

Rule Changes For Average Schedule Simplification

§ 36.613 Submission of information by the National Exchange Carrier Association.

(a) On October 1 of each year, the National Exchange Carrier Association shall file with the Commission and Administrator the information listed below. Information filed with the Commission shall be compiled from information provided to the Association by telephone companies pursuant to § 36.611.

(1) The unseparated loop cost for each study area¹ and a nationwide-average unseparated loop cost.

(2) The annual amount of the high cost expense adjustment for each study area, and the total nationwide amount of the expense adjustment.

(3) The dollar amount and percentage of the increase in the nationwide average unseparated loop cost, as well as the dollar amount and percentage increase for each study area, for the previous 5 years, or the number of years NECA has been receiving information under § 36.611, whichever is the shorter time period.

(b) [Reserved]

* * *

§ 54.301 Local switching support

* * *

(f) *Calculation of the local switching support revenue requirement for average schedule companies.*

(1) The local switching support revenue requirement for average schedule companies, as defined in § 69.605(c) of this chapter, shall be calculated in accordance with a formula ~~approved or modified by the Commission. The Administrator shall submit to the Commission and the Common Carrier Bureau for review and approval a formula~~ that simulates the disbursements that would be received pursuant to this section by a cost company that is representative of average schedule companies. For each annual period, the ~~Administrator-association~~ shall submit the formula, any proposed revisions of such formula, or a certification that no revisions to the formula are warranted, to the Commission and the Administrator on or before ~~December 31~~ October 1 of each year.

~~(2) The Commission delegates its authority to review, modify, and approve the formula submitted by the Administrator pursuant to this paragraph to the Chief, Wireline Competition Bureau.~~

* * *

¹ Unseparated loop cost data for study areas operated by average schedule companies as defined in § 69.605(c) of this chapter shall be calculated by the association in accordance with a formula designed to simulate [payments to / the costs per loop of] representative cost companies.

§ 61.39 Optional supporting information to be submitted with letters of transmittal for Access Tariff filings effective on or after April 1, 1989, by local exchange carriers serving 50,000 or fewer access lines in a given study area that are described as subset 3 carriers in § 69.602.

* * *

(2) For a tariff change, the local exchange company that is an average schedule carrier must propose Traffic Sensitive rates based on the following:

(i) For the first period, the local exchange carrier's most recent annual Traffic Sensitive settlement from the National Exchange Carrier Association pool.

(ii) For subsequent filings, an amount calculated to reflect the Traffic Sensitive average schedule pool settlement the carrier would have received if the carrier had continued to participate, based upon the most recent average schedule formulas ~~approved by the Commission~~ developed pursuant to § 69.606(a).

* * *

§ 69.606 Computation of average schedule company payments.

(a) Payments shall be made in accordance with a formula ~~approved or modified by the Commission. Such formula shall be developed by the association that is~~ designed to produce disbursements to an average schedule company that simulate the disbursements that would be received ~~pursuant to § 69.607~~ by a cost company that is representative of average schedule companies.

(b) The association shall ~~submit a include proposed~~ submit a include proposed revisions of the formula ~~for each annual period subsequent to December 31, 1986 with its access tariff filings submitted pursuant to § 69.3(d) of this chapter~~, or certify that a majority of the directors of the association believe that no revisions are warranted for such period ~~on or before December 31 of the preceding year~~.